



TOWN OF STONINGTON

SELECTMAN'S OFFICE
EDWARD HABEREK, JR.
FIRST SELECTMAN

152 Elm Street • Stonington, Connecticut 06378
(860) 535-5050 • Fax (860) 535-1046

February 18, 2009

Dear Members of the Planning & Development Committee:

It is an honor and a privilege to be before you on the occurrence of my first testimony before a Committee. I am here today to voice my support for the several bills before you to institute a Local Option for Hotel Tax and other revenue opportunities. The Town of Stonington is one of the largest municipalities in providing revenue from tourism. In 2001, an economic report showed that Southeastern Connecticut accounted for 34.3 % of traveler and tourist spending. Most of the revenue generated from the state's 12 percent Hotel Occupancy Tax comes from Southeastern Connecticut. Unfortunately, it is not a two-way street. Stonington receives under the Governor's plan about 2 cents for every dollar paid. I feel it is time to create a new and modern relationship with the state.

This time has come. Last year, State Senator Eileen M. Daily (D-Westbrook) and State Representative Cam Staples (D-New Haven), co-Chairs of the legislature's Finance, Revenue, and Bonding Committee, announced a state revenue package that included additional state aid to help municipal governments reduce their reliance upon local property taxes. The lawmakers stated one highlight of their committee's legislative agenda this session is a return of 50% of the state's current Hotel Occupancy Tax to the city or town in which the hotel is located. This would have boost municipal revenues proportionately to help compensate communities that host more visitors for the expense of doing so. Again, that bill required the state to return 50% of the gross revenue from the state's 12% tax on short-term hotel and lodging house room occupancy charges to the towns where the hotels or lodging houses are located. With our Mystic hotels, this bill would be tremendous revenue for the Town of Stonington. I vigorously lobbied on behalf of Stonington for that bill and look forward to advocating for several of the bills before you know.

From the municipal budget difficulties this year, it absolutely clear that a share of the Hotel Occupancy Tax and/or other revenue opportunities must be offered as a means of diversifying local revenues and moving away from this record-breaking reliance on regressive property taxes. This is not just to help balance local budgets and provide property tax relief, but to address the issue of long-term tax equity and economic prosperity.

Most cities and towns in the nation have much greater local taxing authority beyond the property tax. Rhode Island for example hotel and food service industries had a surprisingly strong December, according to data released recently by tax authorities. The local hotel tax is 1 percent of what a guest pays for a room. Again, out-of-state visitors will be primarily affected.

A share of the Hotel Occupancy Tax is a quite modest request compared to what is in place throughout the United States. This would be significant to our budget issues locally and would be a huge step in the right direction for many communities. As Deval Patrick, Governor of Massachusetts stated concerning a similar proposal "There are things the state can do to help cities and towns, and there are

things those cities and towns can do to help themselves." If the state continues to deny this authority to municipalities, then we can all be sure that skyrocketing property tax bills will continue to distress Connecticut. Thank you for your consideration.

Edward Haberek Jr.
First Selectman
Town of Stonington.